

Senate File 2210 - Introduced

SENATE FILE _____
BY HECKROTH

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to alternative energy system tax credits under
2 the individual and corporate income taxes for the installation
3 of alternative energy systems and including a retroactive
4 applicability date provision.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 6254SS 82
7 rn/nh/24

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1 1 Section 1. NEW SECTION. 476E.1 DEFINITIONS.
1 2 As used in this chapter, unless the context otherwise
1 3 requires:
1 4 1. "Alternative energy system" means a system for heating
1 5 or cooling a building, or utilized in conjunction with other
1 6 aspects of the operation or maintenance of a building, which
1 7 utilizes solar, wind turbine, waste management, resource
1 8 recovery, refuse-derived fuel, agricultural crops or residues,
1 9 or woodburning as the primary energy source.
1 10 2. "Board" means the utilities board within the utilities
1 11 division of the department of commerce.
1 12 3. "Department" means the department of revenue.
1 13 4. "Small business" means any enterprise which is located
1 14 in this state, which is operated for profit and under a single
1 15 management, and which has either fewer than twenty employees
1 16 or an annual gross income of less than four million dollars
1 17 computed on the average of the three preceding fiscal years.
1 18 Sec. 2. NEW SECTION. 476E.2 ALTERNATIVE ENERGY SYSTEM
1 19 TAX CREDIT.
1 20 1. A small business is eligible to receive an alternative
1 21 energy system tax credit for the installation of an
1 22 alternative energy system on the real property of the small
1 23 business. The tax credit is allowed against the tax liability
1 24 imposed under chapter 422, division II or III. The amount of
1 25 the tax credit is equal to the lesser of twenty-five percent
1 26 of the total cost of installation of an alternative energy
1 27 system, or five thousand dollars. If the small business
1 28 elects to take the alternative energy system tax credit, the
1 29 small business shall not deduct for Iowa tax purposes any
1 30 amount of the costs of the alternative energy system,
1 31 including the cost of installation, which is deductible for
1 32 federal tax purposes.
1 33 2. To receive the alternative energy system tax credit,
1 34 the small business must submit an application to the board.
1 35 If the taxpayer meets the criteria for eligibility, as
2 1 determined by the board and the department by rule, the board
2 2 shall issue to the taxpayer a certification of entitlement for
2 3 the alternative energy system tax credit. Tax credit
2 4 certificates shall be issued on an earliest filed basis. The
2 5 certification shall contain the taxpayer's name, address, tax
2 6 identification number, the amount of the credit, and tax year
2 7 for which the certificate applies. The taxpayer must file the
2 8 tax credit certificate with the taxpayer's individual income
2 9 tax return in order to claim the tax credit.
2 10 3. Any credit used under chapter 422, division II or III,
2 11 which is in excess of the tax liability shall be refunded with
2 12 interest computed under section 422.25. In lieu of claiming a
2 13 refund, a taxpayer may elect to have the overpayment shown on
2 14 the taxpayer's final, completed return credited to the tax
2 15 liability for the following year.
2 16 4. An individual may claim the tax credit under chapter
2 17 422, division II, allowed a partnership, limited liability
2 18 company, S corporation, estate, or trust electing to have the

2 19 income taxed directly to the individual. The amount claimed
2 20 by the individual shall be based upon the pro rata share of
2 21 the individual's earnings of the partnership, limited
2 22 liability company, S corporation, estate, or trust.

2 23 Sec. 3. NEW SECTION. 476E.3 RULES.

2 24 The department may adopt rules pursuant to chapter 17A for
2 25 the administration and enforcement of this chapter.

2 26 Sec. 4. NEW SECTION. 422.11V ALTERNATIVE ENERGY SYSTEM
2 27 TAX CREDIT.

2 28 The taxes imposed under this division, less the credits
2 29 allowed under section 422.12, shall be reduced by an
2 30 alternative energy system tax credit allowed under chapter
2 31 476E.

2 32 Sec. 5. Section 422.33, Code Supplement 2007, is amended
2 33 by adding the following new subsection:

2 34 NEW SUBSECTION. 25. The taxes imposed under this division
2 35 shall be reduced by an alternative energy system tax credit
3 1 allowed under chapter 476E.

3 2 Sec. 6. RETROACTIVE APPLICABILITY DATE. This Act applies
3 3 retroactively to January 1, 2008, for tax years beginning on
3 4 or after that date.

3 5 EXPLANATION

3 6 This bill allows small businesses income tax credits for
3 7 the installation of alternative energy systems on their
3 8 property. The amount of credit equals the lesser of 25
3 9 percent of the cost of the alternative energy system,
3 10 including installation costs, or \$5,000.

3 11 The bill defines an alternative energy system as a system
3 12 for heating and cooling a building, or utilized in conjunction
3 13 with other aspects of the operation and maintenance of a
3 14 building, which utilizes solar, wind turbine, waste
3 15 management, resource recovery, refuse-derived fuel,
3 16 agricultural crops or residues, or woodburning as the primary
3 17 energy source. The bill defines a small business as an
3 18 enterprise which is located in Iowa, and operated for profit
3 19 under a single management, which has either fewer than 20
3 20 employees or an annual gross income of less than \$4 million
3 21 computed on the average of the three preceding fiscal years.

3 22 The bill applies retroactively to January 1, 2008, for tax
3 23 years beginning on or after that date.

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